



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

October 19, 1994

Mr. William Almas
Energy Fuels Nuclear, Inc.
One Tabor Center, Suite 2500
1200 Seventeenth Street
Denver, Colorado 80202

Re: Reduction of Reclamation Sureties, Energy Fuels Nuclear, Inc. (EFN), Patti Ann Mine M/037/003, Far West Mine M/037/019, San Juan County, Utah

Dear Mr. Almas:

Division and Bureau of Land Management (BLM) staff recently inspected both the Patti Ann and Far West mine sites (copies of inspection memos attached). The purpose of these inspections was to evaluate revegetation success at the recently reclaimed sites. The overall recontouring and site cleanup work is commendable. Both sites have a degree of revegetation success, but the vegetation cover is not sufficient to meet the 70% release standard at this time.

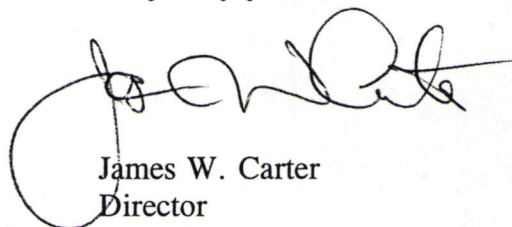
The Division hereby grants a partial release of the reclamation sureties for the Patti Ann and Far West mine sites. The BLM also concurs with this action. The surety amounts now required by the Division are \$1,600 and \$2,300 for the Patti Ann and Far West mines, respectively (calculation sheet attached). These surety amounts are retained to cover the costs of reseeding the sites should the first seeding attempt fail. These new surety amounts were escalated two years into the future because it is anticipated that these sites will require an additional 1-2 more growing seasons before satisfying the revegetation release standards.

EFN may reduce the surety amounts at its earliest convenience. Riders to the existing surety bonds which reduce the amounts accordingly would be the method of surety reduction preferred by the Division. Please contact Wayne Hedberg or Tony Gallegos of my staff, if

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William Almas
M/037/003 & M/037/019
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you have any questions regarding this letter. Please accept our apology for the unforeseen delay in responding to your surety release requests.

Very truly yours,

A handwritten signature in black ink, appearing to read 'James W. Carter', with a large, stylized initial 'J'.

James W. Carter
Director

jb

Attachments: surety calculation sheet & 2 inspection memos *(memo attached to M/037/019)*

cc: Sal Venticinque, BLM, Grand RA

Lowell Braxton, DOGM

M37-03S.let

SURETY ESTIMATE UPDATE

DRAFT

Energy Fuels Nuclear, Inc.

filename M37-03RD.WQ2

Patti Ann Mine

M/037/003

San Juan County

11.4 acres

Far West Mine

M/037/019

San Juan County

20 acres

Prepared by Utah Division of Oil, Gas & Mining

Last Update

09/22/94

DESCRIPTION:

- Surety amount reduced for completion of earthwork and seeding performed in 1992-1993
- Maintain a surety amount for re-seeding costs based on 1988 unit costs
- Revegetation has now survived 1 or 2 seasons and therefore requires 1-2 more seasons
- Where available, 1988 unit costs were used and escalated 2 years into the future

	Patti Ann costs (1988-\$)			Far West costs (1988-\$)		
RESEEDING	acre	\$/acre		acre	\$/acre	
seed application*	11.4	40	456	20	40	800
seed cost	11.4	70	798	20	50	1,000
subtotal			1,254			1,800
add 10% contingency			125			180
reduced surety total in 1988 dollars			\$1,379			\$1,980

ESCALATION (factors through 1992 are actual Means Historical Cost Indices)

CALCULATIONS		ESC	Patti Ann	Far West
$F = P(1 + i)^{**n}$	YR	FACTOR	BOND AMOUNT	BOND AMOUNT
F = Future Sum	1988	0.0181	\$1,379	\$1,980
P = Present Sum	1989	0.0177	\$1,404	\$2,015
i = Escalation Factor	1990	0.0077	\$1,415	\$2,031
n = number of periods	1991	0.0127	\$1,433	\$2,056
	1992	0.0221	\$1,464	\$2,102
Three Yr Average = 2.01%	1993	0.0254	\$1,501	\$2,155
Used to Project 2 Yrs	1994	0.0201	\$1,532	\$2,199
Into the Future	1995	0.0201	\$1,562	\$2,243
From the Year 1994	1996	0.0201	\$1,594	\$2,288

Updated Surety Amount Rounded (1996 \$)

\$1,600\$2,300

Average cost per acre =

140 (\$/ACRE)

115 (\$/ACRE)

Patti Ann

Far West

* unit cost for seed application assumed by DOGM